

Message Text

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FM AMCONSUL KARACHI

TO SECSTATE WASHDC NIACT IMMEDIATE 7518

INFO AMEMBASSY ISLAMABAD

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PASS AID FOR HANNAH

FROM PRESIDENT'S SPECIAL COORDINATOR WILLIAMS

E.O. 11652: N/A

TAGS: SWEL, PK

SUBJECT: REPORT FOR THE PRESIDENT: PAKISTAN'S

FLOOD DISASTER: SUMMARY FINDINGS AND

RECOMMENDATIONS - PART ONE OF FOUR PARTS

1. THIS REPORT IS IN RESPONSE TO YOUR DIRECTION TO ASSURE THE EFFECTIVENESS OF RELIEF, TO REVIEW RECOVERY NEEDS AND TO REPORT TO YOU ON MY FINDINGS AND RECOMMENDATIONS. DURING MY VISIT TO PAKISTAN, SEPTEMBER 3 TO 7, I REVIEWED RELIEF OPERATIONS AND ASSESSMENTS, SURVEYED MAJOR AREAS OF FLOOD DEVASTATION, DISCUSSED THE RECOVERY PROBLEMS WITH TOP GOVERNMENT OFFICIALS AND MET WITH PRIME MINISTER BHUTTO IN QUETTA. MY REPORT FOLLOWS IN FOUR PARTS:

I. SUMMARY FINDINGS AND RECOMMENDATIONS; II. FLOOD DAMAGE AND THE EMERGENCY RELIEF RESPONSE; III. RECOVERY PROBLEMS AND NEEDS AND, IV. MEETING WITH PRIME MINISTER

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BHUTTO. IN ADDITION, I AM SUBMITTING A SPECIAL

REPORT ON A PROPOSED STRATEGY FOR OVERALL RECONSTRUCTION
ASSISTANCE, INCLUDING PROGRAMS IN SOUTH EAST ASIA AND
SAHEL AFRICA.

2. SUMMARY FINDINGS:

A. PAKISTAN HAD SUSTAINED A STUNNING SET BACK -- WITH
MAJOR FOOD AND FOREIGN EXCHANGE LOSSES; LARGE SCALE RELIEF
AND RECONSTRUCTION NEEDS; A SEVERELY IMBALANCED BUDGET;
PARTIALLY CRIPPLED TRANSPORT, COMMUNICATIONS AND IRRIGATION
SYSTEMS; AND MILLIONS OF DESTITUTE SURVIVORS. THE POLITICAL
REPERCUSSIONS OF A CRIPPLED ECONOMY AND RISING PRICES
MOST SERIOUSLY CONCERN PAKISTAN'S LEADERS.

B. THE PAKISTAN GOVERNMENT HAS DONE AN OUTSTANDING
JOB OF GIVING DIRECT AND HIGHLY VISIBLE DIRECTION TO RESCUE
AND RELIEF OPERATIONS. GIVEN THE SCALE OF THE DISASTER
THE DEDICATION AND EFFECTIVE WNVOLVEMENT OF TOP POLITICAL
LEADERS IN THE DISASTER AREAS EXCEED ANYTHING IN MY
PREVIOUS EXPERIENCE WITH DISASTERS. THIS EXCEPTIONAL
PERFORMANCE SHOULD HELP BHUTTO AND HIS ADMINISTRATION
POLITICALLY IN THE DIFFICULT DAYS AHEAD.

C. THE U.S. IS RECEIVING WIDE ACCLAPM IN PAKISTAN
FOR THE TIMELINESS AND EFFECTIVENESS OF RELIEF OPERATIONS.
WE HAVE PROVIDED OVER \$25 MILLION IN ASSISTANCE, ABOUT
60 PERCENT OF ALL FOREIGN HELP TODATE, AND OUR EFFORTS
HAVE BEEN TIMELY AND IN AREAS OF GREATEST NEED.

D. THE FOOD PROBLEM MOST SERIOUSLY CONCERNS PAKISTAN'S
LEADERS WHO TRADITIONALLY HAVE MAINTAINED LARGE SCALE
HIGHLY SUBSIDIZED AND LOW PRICED WHEAT FOR SOME 16 MILLION
URBAN CONSUMERS. THEY LOOKEB TO U.S. FOR 500,000 TONS
OF PL 480 WHEAT, IN ADDITION TO FURTHER COMMERCIAL IMPORTS,
TO REPLACE LOSSES OF PERHAPS 700,000 TONS. MY MOST
DIFFICULT TASK WAS TO CONVEY THE REALITY OF THE WORLD AND
U.S. GRAIN SITUATION. PRIME MINISTER BHUTTO: (1) ACCEPTED GRACEFULLY,
BUT NOT EASILY, OUR PRESENT INABILITY TO SUPPLY PL 480
WHEAT BEYOND 100,000 TONS ALREADY ANNOUNCED, (2) RECOGNIZED
THE NEED TO HOLD PREVIOUSLY EXPORTED RICE OF SOME 450,000
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TONS FOR DOMESTIC CONSUMPTION, AND (3) DECIDED TO REVISE
PAKISTAN'S FOOD POLICY FOR THE TIGHT SQUEEZE BEFORE THE NEXT
WHEAT HARVEST WHICH BEGINS IN APRIL 1974. BUT THERE ARE
DIFFICULTIES FOR BHUTTO IN MEETING THESE ECONOMIC
PROBLEMS WHICH HE IS ONLY NOW BEGINNING TO FULLY ASSESS.

E. OUR PRESENT ASSESSMENT SUGGESTS PAKISTAN CAN
MANAGE TO SQUEEZE THROUGH WITHOUT SERIOUS EFFECT ON

NUTRITIONAL STANDARDS, BUT THAT EXCEPTIONAL SKILL IN
ALLOCATING RESOURCES WILL BE CALLED FOR. EVEN THEN THE
PRESSURE ON FOOD PRICES IS LIKELY TO AGGRAVATE POLITICAL
TENSION. OUR HELP, IN AREAS OTHER THAN PL 480, IS ESSENTIAL
TO THE SUCCESS OF THE GOVERNMENT'S EFFORTS TO MANAGE
THE ECONOMIC PROBLEMS CAUSED BY THE FLOOD DISASTER.

F. PAKISTAN'S RECOVERY NEEDS ARE MOST URGENT IN
THE AREA OF SAVING THE EXISTING CROPS THROUGH CRASH
PROGRAMS OF PESTICIDE SPRAYING AND REPAIR OF
IRRIGATION CHANNELS AND MAXIMIZING PRODUCTION FROM THE
WHEAT CROP WHICH WILL BE PLANTED IN NOVEMBER. IT IS IN
THESE AREAS THAT U.S. ASSISTANCE CAN BE MOST IMMEDIATELY
HELPFUL AND, POLITICALLY, SUBSTITUTE FOR OUR
PRESENTLY LIMITED PL 480 CAPABILITY.
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G. BEYOND THIS THE GOVERNMENT MUST URGENTLY COPE
WITH DAMAGED TRANSPORTATION AND COMMUNICATIONS SYSTEMS
AND MUST MEET THE HUMAN NEEDS OF THE MILLIONS OF SIMPLE
VILLAGERS WHO WILL BEAR THE BRUNT OF THE THE DISASTER. REPAIR
AND REPLACEMENT ARE NEEDED FOR HOUSES, CATTLE, EQUIPMENT,
SCHOOLS, HEALTH CENTERS, ROADS, FARM IRRIGATION CHANNELS,

AND OTHER ITEMS ESSENTIAL TO LIFE IN THE SIMPLE DIMENSION OF FARM VILLAGES. THE BILL TO PAKISTAN WILL BE STAGGERING, AND WE AND OTHERS SHOULD HELP.

3. SUMMARY RECOMMENDATIONS:

A. ON PL 480, I RECOMMEND WE HOLD AT THE PRESENT 100,000 TON LEVEL OF WHEAT AND LOOK TO THE GOVERNMENT OF PAKISTAN TO MOBILIZE ITS FAIRLY SUBSTANTIAL GRAIN AVAIL- ABILITIES, IN BOTH WHEAT AND RICE, TO MEET MINIMUM ESSENTIAL NEEDS. HOWEVER, FOR THE FIRST TIME THE GOP IS INTERESTED IN MIXING WHEAT WITH ABOUT 15 PERCENT COARSE GRAIN SORGHUM. I HAVE NOT ENCOURAGED THEM TO LOOK TO US FOR PL 480 COARSE GRAIN, BUT I RECOMMEND WE REEXAMINE OUR PRIORITIES ON COARSE GRAIN AND ATTEMPT -- WITHOUT DISTURBING OTHER PRIORITY CLAIMANTS -- TO ALLOCATE 40,000 LIMITED OFFICIAL USE

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TONS OF COARSE GRAINS TO PAKISTAN.

B. EDIBLE OIL IS A MAJOR CONCERN TO THE GOP AND I RECOMMEND THAT PARALLELING OUR 100,000 TONS OF WHEAT ALREADY ANNOUNCED WE SQUEEZE AN ALLOCATION OF PERHAPS 40,000 TONS OF PL 480 EDIBLE OIL FOR PAKISTAN. PRIME MINISTER BHUTTO KNOWS OUR DIFFICULTY HERE, BUT I HAVE INDICATED IN RESPONSE TO HIS MOST URGENT APPEAL THAT WE WILL TAKE A LOOK AT OUR POSSIBILITIES WITH HIS NEED IN MIND.

C. WHAT WE DO IN PL 480 SHOULD BE DONE SWIFTLY FOR EARLIER DELIVERIES STRENGTHEN THE GOVERNMENT'S HAND IN DEALING WITH THE PSYCHOLOGY OF A POTENTIALLY SPECULATIVE MARKET. WE SHOULD SHIP THE COMMITTED 100,000 TONS OF WHEAT, AND WHATEVER ADDITIONAL COARSE GRAIN, AT THE EARLIEST POSSIBLE DATES.

D. PAKISTAN HAS IMMEDIATE URGENT NEED FOR FURTHER HELP IN SAVING PRESENT CROPS AND MAXIMIZING PRODUCTIONS OF THE NEXT CROP -- A STRATEGY WHICH I HAVE ENCOURAGED AS A SUBSTITUTE FOR GRAIN IMPORTS. I RECOMMEND AN IMMEDIATE AGRICULTURAL PRODUCTION LOAN OF ABOUT \$18 MILLION TO HELP WITH IMPORT OF SEED, FERTILIZER AND PESTICIDES AND THE REPAIRS OF IRRIGATION CHANNELS. ACTION ON THESE FRONTS IS URGENT IN ORDER TO MAXIMIZE THE PLANTING OF THE WINTER WHEAT CROP IN NOVEMBER. HERE AGAIN WE SHOULD DO WHAT WE ARE ABLE TO DO AS SWIFTLY AS POSSIBLE. I HAVE DIRECTED THAT A LOAN PAPER, FOR PRIORITY APPROVAL AND IMPLEMENTATION, BE HAND CARRIED TO WASHINGTON WITHIN THE NEXT FIVE DAYS.

E. DESTRUCTION OF PHYSICAL FACILITIES AND SET-BACK TO THE ECONOMY OF PAKISTAN IS LARGE AND MAJOR RECONSTRUCTION ASSISTANCE FROM THE INTERNATIONAL COMMUNITY WILL BE NEEDED. MY RECOMMENDATION IS THAT WE WORK WITH THE CONGRESS IN OBTAINING A \$40 MILLION RECONSTRUCTION GRANT, ADDITIONAL TO OTHER FOREIGN ASSISTANCE REQUIREMENTS, AND SPECIFICALLY EARMARKED FOR PAKISTAN. WE SHOULD FOLLOW OUR EXPERIENCE OF FLOOD REHABILITATION IN THE PHILIPPINES LAST YEAR (WHEN A SPECIAL \$50 MILLION GRANT WAS MADE) WHICH DEEPLY IMPRESSED LIMITED OFFICIAL USE

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SENATOR INOUE AND WHICH WOULD ALMOST CERTAINLY GAIN HIS AND OTHER CONGRESSIONAL SUPPORT FOR PAKISTAN. THE SPECIFICS OF THE GRANT RECONSTRUCTION PROGRAM WOULD BE FOR SCHOOLS AND HOSPITALS, COMMUNITY WATER SUPPLY, IRRIGATION AND ROAD REPLACEMENT, MAJOR INFRASTRUCTURE REPAIR, AND SOME ESSENTIAL IMPORTS FOR RESETTLING THE HOMELESS AS WELL AS REPLACEMENT OF CONTINGENCY FUNDS USED IN RELIEF OPERATIONS TODAY.

F. TACTICALLY THE PRESIDENT'S ENDORSEMENTS OF THE RECONSTRUCTION GRANT OF \$40 MILLION AND FURTHER PL 480 ACTION ON OIL AND COARSE GRAINS AND THE ANNOUNCEMENT OF THE \$18 MILLION AGRICULTURAL PRODUCTION LOAN SHOULD BE TIMED FOR MAXIMUM ADVANTAGE WITH PRIME MINISTER BHUTTO'S VISIT.
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